

SoCal Cities Say No to More Coal-Fired Power

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Following the lead of its larger neighbor in Los Angeles, five smaller city-run utilities in Southern California Monday decided not to extend their long-term contracts for coal-fired electric supplies from the mammoth Intermountain plant in **Utah** that is operated by the Los Angeles Department of Water and Power (LADWP). The decision by the five cities reverses actions taken last month by their respective city councils to extend the contracts that currently don't expire until 2027.

The existing contract's expiration date was the original estimated time for the completion of the full depreciation of the Intermountain facilities, from which LADWP has a call on 46% of the output and takes more than 60% on an annual basis, according to an executive with LA's city-run utility. A push by California's senior U.S. Senator, Dianne Feinstein, and some major environmental groups helped get the smaller cities to change their minds, the LADWP official said.

"There was Sacramento pressure as well as the environmental groups sort of bombarding the city councils and mayors," said the LADWP official. "I think everyone sort of said, 'Wait a minute!' They were taking a lot of heat because LADWP's board made the decision at this point that we wouldn't do it."

Longer term, the decision carries broader implications for the West overall because with California's new laws discouraging traditional coal-fired power, various environmental groups are attempting to get other western states to follow the same path. Besides helping boost renewables, one of the fallouts could be more pressure on natural gas supplies and wholesale prices.

Earlier this month the cities were racing to extend existing contracts for supplies from Intermountain ahead of California's new state law that would ban the contract extensions beginning Jan. 1 (see [Power Market Today](#), Nov. 7). At the time LADWP was the notable exception, with its board saying it would abide by the spirit of California's new law.

Unlike LADWP, the smaller surrounding municipal utilities -- in the cities of Anaheim, Burbank, Glendale, Pasadena and Riverside -- depend on the Utah coal-fired supplies for between half and two-thirds of the power they distribute. Burbank's mayor called the move "a huge change," as quoted in a report in the Los Angeles Times.

Six Southern California public sector utilities through the Southern California Public Power Authority, a joint powers financing agency for the munis, hold interests in Intermountain, with LADWP holding by far the biggest interest.

A new law (SB 1368) that Gov. Arnold Schwarzenegger signed last September forbids any California utility, effective Jan. 1, signing new contracts or extending existing ones for power supplies from traditional coal-fired plants, or any plant that cannot meet the emission limits of a combined-cycle natural gas-fired generation plant.

Ironically, it was LADWP that originally led the push for the contract extensions, and the Utah-based Intermountain joint power authority had gone to the state's legislature to gain approval for the new contracts. (Along with the six California public-sector utilities, 30 public power organizations in Utah and Idaho have small interests in the coal-fired generation facilities and a related high-voltage transmission power line into Southern California.)

The Utah-based utilities in recent years were seeking California public sector utility support for building a new, third coal-fired unit at Intermountain. Los Angeles elected officials rejected LADWP's proposed participation in a third unit, so as a hedge against higher priced future power sources, the nation's largest municipal utility sought to get the contract extensions on the current two Utah units.

In the end, the contract extension could not have been done without LADWP, the official from that city's utility said. "Under terms of the Intermountain contract, 85% of the participants' collective share in the plants would have to agree to it." Without LADWP, there could not be sufficient support based on the utilities' proportional shares.

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